

Message Text

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E.O. 11652: N/A

TAGS: ECON, CA

SUBJ: CONSTITUTIONALITY OF GOC ANTI-INFLATION PROGRAM

REF: A. OTTAWA 1015 B. OTTAWA A-167, MAR. 5, 1976

C. OTTAWA A-128, FEB. 23, 1976

1. JUSTICE MINISTER RONALD BASFORD ANNOUNCED ON MARCH 11 THAT SUPREME COURT OF CANADA HAD BEEN ASKED TO RULE ON CONSTITUTIONALITY OF ANTI-INFLATION ACT WITH REGARD TO PROVINCE OF ONTARIO AGREEMENT WITH GOC, PLACING PROVINCIAL PUBLIC SECTOR EMPLOYEES UNDER FEDERAL ANTI-INFLATION BOARD REGULATIONS. RENFREW, ONTARIO TEACHERS HAD CHALLENGED CONSTITUTIONALITY IN LOWER COURT CASE, AND BASFORD IS REPORTED IN NEWSPAPERS AS SAYING FEDERAL REQUEST TO SUPREME COURT WAS MADE TO AVOID "LENGTHY PERIOD OF UNDERTAINTY AND ANY DOUBT ABOUT THE ABILITY OF THE FEDERAL LEGISLATION THAT MIGHT RESULT" FROM LOWER COURT CHALLENGES.

2. BASFORD IS FURTHER QUOTED AS STATING THAT "LITIGATION INVOLVING TEACHERS EMPLOYED BY THE RENFREW BOARD OF EDUCATION IN WHICH THE AUTHORITY OF THE LIEUTENANT
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GOVERNOR IN COUNCIL OF ONTARIO TO ENTER INTO AN AGREE-

MENT WITH (THE GOVERNMENT OF) CANADA WILL ALMOST CERTAINLY RAISE THE ISSUE OF THE VALIDITY OF AT LEAST SOME ASPECTS OF THE FEDERAL LEGISLATION".

3. OTHER UNIONS HAD QUESTIONED CONSTITUTIONAL VALIDITY OF FEDERAL CONTROLS OVER PROVINCIAL WORKERS, AND CANADIAN UNION OF PUBLIC EMPLOYEES HAD ANNOUNCED IT WOULD CHALLENGE ONTARIO AGREEMENT IN COURTS.

4. IN OTHER ANTI-INFLATION PROGRAM DEVELOPMENTS, OVERSHADOWED BY BASFORD ANNOUNCEMENT, FEDERAL CABINET TURNED DOWN APPEAL BY CANADIAN PAPERWORKERS UNION TO OVERTURN ANTI-INFLATION ADMINISTRATOR'S RULING IN IRVING PULP AND PAPER CASE, WHICH RESULTED IN ROLL-BACK OF WAGE SETTLEMENT AND LARGE FINE FOR IRVING, AND MINFIN MACDONALD TABLED IN PARLIAMENT ON MARCH 11 AMENDMENTS TO BASIC ANTI-INFLATION ACT.

5. MACDONALD'S AMENDMENTS, INTER ALIA, WOULD PERMIT GREATER FLEXIBILITY IN APPEALING BOTH A.I.B. AND ADMINISTRATOR'S RULINGS. UNDER EXISTING LEGISLATION ONLY A.I.B. COULD REFER CASES TO ADMINISTRATOR AND ONLY FIRM AFFECTED BY ADMINISTRATOR'S RULING COULD APPEAL DECISION. WITH NEW AMENDMENTS, EITHER UNION OR FIRM AFFECTED BY A.I.B. DECISION COULD REQUEST A.I.B. REFER CASE TO ADMINISTRATOR, AND EITHER PARTY COULD APPEAL ADMINISTRATOR'S DECISION TO ANTI-INFLATION APPEAL TRIBUNAL.

6. OTHER AMENDMENTS PROPOSED BY MACDONALD PLACE CONSTRUCTION WORKERS IN QUEBEC UNDER PROVINCIAL CONTROL BOARD (YET TO BE ESTABLISHED), PERMIT MEMBERS OF TAX REVIEW BOARD TO BE MEMBERS OF ANTI-INFLATION APPEAL TRIBUNAL, CHANGE GUIDELINES FOR LOWER-PAID EMPLOYEES, SET NEW GUIDELINES FOR INDIRECT COMPENSATION, AND PLACE LOAN AND TRUST COMPANIES UNDER GUIDELINES.

7. COMMENT: SUPREME COURT DECISION ON CONSTITUTIONALITY OF ANTI-INFLATION LEGISLATION MAY OR MAY NOT AFFECT ENTIRE ANTI-INFLATION PROGRAM. IF SUPREME COURT RULES ONLY ON CONSTITUTIONALITY OF ONTARIO AGREEMENT WITH UNCLASSIFIED

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FEDERAL GOVERNMENT, PROVINCIAL LEGISLATIVE ACTION MIGHT SATISFY CONSTITUTIONALITY. BROADNESS OF SUPREME COURT RULING (E.G. ON CONSTITUTIONALITY OF ENTIRE PROGRAM OR ON JUST PROVINCIAL AGREEMENTS WITH FEDERAL GOVERNMENT) WILL BE DECIDING FACTOR.

8. CLC SPOKESMAN TOLD LABATT THAT MACDONALD'S AMENDMENTS DO NOT SATISFY ORGANIZED LABOR AND WERE PROBABLY

INTENDED TO DAMPEN LABOR'S ENTHUSIASM FOR MARCH 22
OTTAWA RALLY AGAINST FEDERAL PROGRAM (SEPTTEL). LABOR
REMAINS ADAMANTLY OPPOSED TO FEDERAL GOVERNMENT'S
PRESENT ANTI-INFLATION MEASURES.

9. BASFORD'S ACTION AND MACDONALD'S AMENDMENTS CONFIRM
MANY CRITICS' VIEWS THAT FEDERAL PROGRAM WAS HASTILY
CONVEIVED AND IMPLEMENTED. ALMOST FIVE AND ONE-HALF
MONTHS HAVE PASSED SINCE OCTOBER 1975 ANNOUNCEMENT BY
PM TRUDEAU OF INCOME AND WAGE CONTROLS, AND CONFUSION
AND UNCERTAINTY ABOUT REGULATIONS, GUIDELINES AND
ABILITY OF ANTI-INFLATION BOARD TO COPE WITH CONTROL
PROGRAM GROW STEADILY.
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